

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 OES-06 SS-15 PM-04 CIAE-00 DODE-00  
INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02 FEA-01  
ACDA-07 IO-13 L-03 NSC-05 EB-08 NRC-05 /094 W  
-----240200Z 017909 /64

P R 240053Z JAN 77  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC PRIORITY 4939  
INFO USERDA WASHDC  
USERDA GERMANTOWN MD

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 1016

E. O. 11652: GDS  
TAGS: TECH, ENRG, PARM, JA  
SUBJ: NUCLEAR REPROCESSING STORY IN REUTERS

REFS: A) STATE 12072, B) TOKYO 18952

1. REUTERS STORY WAS CARRIED AS SMALL ARTICLE IN BACK PAGES OF JAPANESE NEWSPAPERS ON JAN 19. STORY MADE ONLY GENERAL REFERENCE TO EFFECT THAT GOJ HAD TOLD USG THAT FORMER INTENDED TO PROCEED WITH REPROCESSING. NO MENTION OF AIDE MEMOIRE.

2. WHEN DCM RECEIVED AIDE MEMOIRE FROM GOJ, IT WAS MADE CLEAR TO HIM THAT GOJ MIGHT FIND IT NECESSARY TO SHOW AIDE MEMOIRE TO DIET COMMITTEE, WITH USG CONCURRENCE AND WITH REQUESTED USG SUPPORTIVE RESPONSE (REFTEL B). IT IS NOW APPARENT THAT GENERAL SUBSTANCE OF DOCUMENT IS IN HANDS OF PRESS, SINCE 1300 WORD ARTICLE APPEARED IN VERNACULAR PRESS (ASAHI SHIMBUN) ON JAN 18 WHICH GIVES DESCRIPTION OF DOCUMENT, DWELLS AT LENGTH ON NEED FOR JAPAN TO PROCEED WITH INDEPENDENT DEVELOPMENT OF CIVILIAN NUCLEAR POWER AS RESULT OF "PLUTONIUM SHOCK" CREATED BY USG NUCLEAR POLICY STATEMENT, AND PROVIDES COMMENTARY ON INTERNATIONAL SAFEGUARDS PROBLEMS ASSOCIATED WITH REPROCESSING AND NEED FOR EXTENSIVE NEGOTIATIONS WITH USG ON NATURE OF AND MECHANISMS FOR INTERNATIONAL SAFEGUARDS TO BE APPLIED.

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SO FAR, EMBASSY HAS NOT RECEIVED ANY INQUIRIES FROM PRESS ON AIDE MEMOIRE. IF ASKED, EMBASSY WILL RESPOND ALONG LINES OF PARA 3 STATE REFTEL. TEXT OF ASAHI ARTICLE BEING POUCHED TO DEPT. DELAY IN EMBASSY REPORTING THIS DEVELOPMENT DUE TO TIME REQUIRED FOR TRANSLATION.

3. JAPANESE PRESS OF JAN 20 HAS SPATE OF ARTICLES ON GOJ PLANS FOR

NEW NUCLEAR FACILITIES ARISING FROM BUDGET PROCESS. STORIES ALL STRESS NEED FOR JAPAN TO DEVELOP INDIGENOUS FUEL CYCLE CAPABILITY. ON SET OF ARTICLES NOTES THAT MINISTRY OF FINANCE HAS ALLOCATED YEN 73 MILLION (\$251,700) FOR FIRST-YEAR FEASIBILITY STUDY OF NUCLEAR FUEL PARK, TO BE CONDUCTED BY MITI. SINGLE SITE WILL CONTAIN FACILITIES FOR SPENT FUEL STORAGE, REPROCESSING, AND WASTE DISPOSAL AND STORAGE. REPROCESSING CAPABILITY WILL CONSIST OF TWO PLANTS, EACH WITH FIVE TONS PER DAY CAPACITY. TOTAL COST OF PARK IS ESTIMATED AT YEN 600 BILLION (\$2.1 BILLION).

4. ANOTHER SET OF ARTICLES REPORTS THAT FINANCE MINISTRY HAS AGREED TO ALLOCATE YEN 2,731 BILLION (\$9.4 MILLION) IN JFY 1977 FOR BEGINNING OF CONSTRUCTION OF CENTRIFUGE URANIUM ENRICHMENT PILOT PLANT, AND TO EXTEND CREDIT GUARANTEE FOR ADDITIONAL PRIVATE LOANS OF YEN 13,891 BILLION (\$48 MILLION) FOR THIS PURPOSE. PLANT IS SCHEDULED FOR OPERATION BY SPRING OF 1979.

5. MAINICHI CARRIES LENGTHY SIGNED ARTICLE IN ENGLISH EDITION HEADLINED, "NEW US STEPS CAUSE JAPAN 'PLUTONIUM SHOCK'". ALTHOUGH CONTAINING SOME ERRORS REGARDING TSURUGA FUEL TRANSFER TO BNFL, IT PROVIDES MORE OBJECTIVE ANALYSIS OF US POLICY THAN IN PREVIOUS STORIES OF PAST FEW WEEKS AND POINTS OUT THAT POLICY OF CARTER ADMINISTRATION IS NOT YET DEFINED. THIS ARTICLE ALSO BEING POUCHED. MAINICHI VERNACULAR VERSION STRESSES MITI INTEREST IN USG POTENTIAL PROCESS FOR RECOVERING DENATURED PLUTONIUM NOT DIRECTLY USABLE IN WEAPONS.

6. COMMENT: WHEN EMBASSY MADE INQUIRY TO MOFA (OTSUKA, UN BUREAU) ABOUT APPEARANCE OF REUTERS AND ASAHI ARTICLES, CONSIDERABLE  
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EMBARRASSMENT WAS EXPRESSED BY MOFA OFFICIAL. HE STATED THAT OHTA OF MOFA UN BUREAU SCIENTIFIC AFFAIRS DIVISION HAD UNILATERALLY GIVEN INTERVIEW TO ASAHI REPORTED IN WHICH HE REVEALED THAT AIDE MEMOIRE HAD BEEN GIVEN TO DCM ON DEC 28 AND GENERAL NATURE OF MESSAGE. NEITHER DETAILS NOR ACTUAL TEXT WERE GIVEN TO REPORTER. OHTA HAS SINCE EXPRESSED HIS APOLOGIES TO HIS SUPERIORS AND IN TURN OTSUKA FORWARDED HIS OWN APOLOGY TO DCM, STATING THAT GOJ INTENDED TO KEEP AIDE MEMOIRE CONFIDENTIAL UNTIL USG RESPONSE RECEIVED AND DECISION MADE ON WHETHER DIET WOULD BE INFORMED OF EXCHANGE. HE INDICATED THAT THIS WAS NOT MATTER OF IMMEDIATE CONCERN, SINCE SECOND AIDE MEMOIRE (SEE REFTEL) IS MUCH MORE SUBSTANTIVE AND IMPORTANT.

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ACDA-07 IO-13 L-03 NSC-05 EB-08 NRC-05 ( ISO ) W  
-----240211Z 017972 /64

P R 240053Z JAN 77  
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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 1016

7. IN REGARD TO SECOND FORMAL MESSAGE EXPECTED TO BE RECEIVED FROM GOJ, EMBOFFS HAVE HEARD FROM SOME GOJ AND INDUSTRY OFFICIALS THAT THIS DOCUMENT WILL NOT BE COMPLETED AND DELIVERED UNTIL USG REACTION TO FIRST AIDE MEMOIRE HAS BEEN RECEIVED. HOWEVER, OTSUKA SAYS THAT DOCUMENT HAS BEEN COMPLETED AND WILL BE DELIVERED TO EMBASSY AS SOON AS CLEARANCES FROM INVOLVED AGENCIES ARE OBTAINED.

8. IT IS BOTH INTERESTING AND IMPORTANT TO NOTE THAT JAPANESE REACTION TO US NUCLEAR POLICY STATEMENT HAS BEEN ELEVATED--BY THE PRESS, AT LEAST--TO THE STATUS OF A "SHOCK".

9. WE BELIEVE THAT THE JAPANESE NUCLEAR PROPONENTS ARE USING THE OCTOBER 28 USG POLICY STATEMENT TO PLAY UPON DEEP-SEATED JAPANESE SENSE OF VULNERABILITY VIS-A-VIS NATURAL RESOURCES TO COALESCE A JAPANESE NUCLEAR POSITION WHICH SWINGS TOWARD STRONG INDIGENOUS FUEL CYCLE CAPABILITIES. THIS APPROACH APPEARS TO BE EFFECTIVE IN SPRINGING LOOSE FUNDS FROM THE DIET AND FINANCE MINISTRY AT A TIME WHEN CONSIDERABLE UNCERTAINTY AS TO THE FUTURE OF THE JAPANESE NUCLEAR PROGRAM HAD PERMEATED THE GOVERNMENT.

10. A GREAT OPPORTUNITY REMAINS FOR THE USG TO INFLUENCE THE WAY IN WHICH JAPAN'S FUEL CYCLE CAPACITY IS DEVELOPED. THERE ARE STRONG INDICATIONS THAT THE SECOND MESSAGE TO BE DELIVERED BY THE GOJ TO  
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THE USG WILL FORMALLY OFFER THE TOKAI PILOT PLANT AS A SITE FOR INTERNATIONAL SAFEGUARDS DEVELOPMENT AND DEMONSTRATION AND TO PROPOSE THAT FOLLOW-ON COMMERCIAL PLANT OR PLANTS BE OF A REGIONAL NATURE SERVING OTHER COUNTRIES IN THE FAR EAST. RELIANCE ON US FOR TECHNOLOGICAL AND SAFEGUARDS INPUT WOULD BE A KEY INGREDIENT OF SUCH AN APPROACH. EMBASSY CONTINUES TO BELIEVE THAT USG SHOULD BE

MAINTAINING A CONTINUOUS DIALOGUE WITH GOJ ON NUCLEAR FUEL CYCLE PROBLEMS DURING CURRENT TRANSITION PERIOD, EVEN WITHOUT BEING ABLE TO RESPOND AUTHORITATIVELY TO JAPANESE POLICY QUESTIONS. FAILURE TO DO SO WILL GIVE FURTHER AMMUNITION TO THOSE WITHIN JAPANESE NUCLEAR INDUSTRY WHO WISH JAPAN TO "GO IT ALONE" OR SEEK OTHER PARTNERS.

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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009